



Legislative Link

A Publication for the Members of the N.C. Association of School Administrators

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House Adopts Budget That Eases Some School Cuts

The State House this week worked to move its version of the \$18.6 billion state budget for 2009-2010 through committees and then to have it gain approval on the House floor with mostly party-line votes of 64-54 and 64-53 that occurred late Friday night and shortly after midnight Saturday morning.

The House budget provides \$7,170,904,662 for public schools, after an additional \$355 million in previously proposed cut for 2009-2010 were restored through funds to be generated by a revenue package that ultimately was approved and rolled into the state spending plan. The House budget now goes back to the Senate, which is expected to reject it during tonight's floor session and set in motion negotiations between the two chambers to reach a compromise and final state budget package. The House budget, money report on line item spending and other accompanying documents may be viewed at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>.

Before the House gave its stamp of approval to the budget, a variety of changes affecting public schools and their personnel occurred, and the following information highlights some of the key actions:

Revenue Package

A major focus of the chamber's work on the budget was to gain support for a tax package that will provide \$783.6 million in new state revenues that will head off some of the most severe cuts the House previously had proposed for public schools, other education entities, health and human service agencies and other functions provided by the state. The revenue package originally proposed \$937.6 million in tax increases and adjustments, but that package was trimmed through amendments that eliminated proposed increases in taxes on beer, wine, and cigarettes. The revised tax package, which is now incorporated in the state budget bill, would raise the state sales tax by a quarter cent, increase income taxes for married couples making over \$200,000, and require limited liability companies to pay franchise taxes. It would also put sales taxes on warranties, repairs, amusement and movie tickets, and digital downloads. So-called combined reporting, changing how multi-state corporations figure their corporate income tax, would also be required – a change intended to prevent income shifting among the states. A banking interest deduction would also be eliminated. The plan earmarks \$355 million to restore cuts previously outlined for education. For public schools, the new funding will: maintain class sizes in kindergarten through third grade; save the following positions in FY 2009-10 – 2,586 teachers, 274 assistant principals and 357 instructional support personnel; and provide full funding for low wealth and at-risk allotments that help vulnerable schools and students.

LEA Discretionary Reduction

With an 87-27 vote on an amendment by Rep. Joe Tolson, D-Edgecombe, the House eliminated a \$12.7 million recurring LEA discretionary reduction, or non-specific ongoing budget hole, that had been amended into the House budget package earlier this week to cover a miscalculation of fines and forfeitures payable to public schools. NCASA strongly supported this amendment, since the organization has taken a position to oppose any LEA discretionary reduction that we believe will be difficult for school districts to manage on top of other line item cuts facing public schools, most likely cannot be offset by federal stimulus funding and is very difficult to eliminate once included in the state budget as a recurring reduction. In lieu of the discretionary reduction, funding for Career-Technical Education was decreased by \$12.7 million, but NCASA will work with other education advocates in an effort to eliminate this cut to CTE if possible. In addition, NCASA will ask lawmakers not to include the recurring \$9.4 million LEA discretionary reduction that was included in the Senate budget proposal adopted earlier this year.

Transfer of School Bus Tort Claims to LEAs

On an amendment by Rep. Jimmy Love, D-Lee, the House eliminated a provision that called for transferring 100 percent of all yellow school bus accident claims to the school districts effective July 1, 2009. NCASA strongly supported this amendment that eliminated a provision that could have transferred millions of dollars in annual bus liability costs from the state to LEAs. The Senate budget proposed passing half these liability costs to the LEAs effective July 1, 2010, so the issue of bus liability claims will continue to be debated as a final budget package is negotiated by the House and Senate Budget Conference Committee that is expected to begin work next week. NCASA will continue to oppose any shifting of bus liability costs to school districts.

Public Schools Still Face Tough Cuts

Despite the revenue package and the more severe cuts it heads off, the House version of the budget still contains \$3 billion in cuts and offsets some of those with \$1.3 billion in federal stimulus money. Some of the toughest cuts that the approved House budget still holds for public schools include the following:

- Cuts \$184 million from Classroom Teachers allotment in 2009-10 to raise the class size in Grades 4-12 by students. Those same class sizes will increase by one additional student in 2010-11.
- Eliminates \$130 million by cutting all third-grade Teacher Assistant positions.
- Cuts \$20 million from the Non-Instructional Support allotment that supports clerical assistants, custodians and substitute teachers.
- Cuts \$9.1 million from the Central Office Administration allotment that supports superintendents, associate and assistant superintendents and other director-level personnel.
- Cuts the \$29 million from the Transportation allotment that supports the salaries of transportation personnel and covers maintenance of yellow school buses.
- Eliminates all Staff Development funding for the next two years by cutting \$12.6 million each year.
- Eliminates the Improving Student Accountability allotment with a cut of \$38.3 million in recurring funds.

It is important to remember that the House budget is not final, since House and Senate negotiators will work to craft a final budget bill over the next few weeks in hopes of having a new state budget in place by June 30. NCASA members should make contacts with all House and Senate members, especially those who are appointed to the budget conference committee early this week, to discuss the impact of the remaining public school budget cuts and to ask lawmakers to ensure that cuts are minimal for schools and school districts for the coming year.

NCASA will be providing budget talking points as well as contact information for members of the budget conference committee when that information becomes available, and both documents will be posted on the NCASA website at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>.

Tax Credit Bill Rescheduled For Tuesday In House Education Committee

The House Education Committee has scheduled a hearing for 11 a.m. Tuesday, June 16, to debate House Bill 687, Tax Credits for Children with Disabilities. The bill was postponed last Tuesday due to the House's work on the state budget bill.

The North Carolina Association of School Administrators (NCASA), the North Carolina School Superintendents' Association (NCSSA), the North Carolina Principals and Assistant Principals' Association (NCPAPA), the North Carolina Council of Administrators of Special Education (NCCASE), the North Carolina School Boards Association (NCSBA) and the North Carolina Association of Educators (NCAE) and many other public education advocates strongly oppose this bill, which we view as **"a precursor to school vouchers"** in North Carolina.

The legislation would create a new tax credit for parents of children with disabilities who choose to educate those children in private school or through a home school. The credit amount would provide \$3,000 per semester, up to two semesters a year. The credit also would apply if the child attends a public school where tuition is charged, but the credit would be capped at the associated tuition cost. To qualify a student must be determined, based on an evaluation conducted by the appropriate public school system, to require an individualized education program as defined by G.S. 115C-106.3(8) that requires at least daily special education and related services received outside the regular classroom. In addition, the child must have attended a public school for at least two semesters in one year. The taxpayer must be able to claim a personal exemption for the child in order to claim the credit, which would be refundable. The bill may be viewed at <http://www.ncleg.net/Sessions/2009/Bills/House/PDF/H687v1.pdf>.

While bill sponsors contend this legislation would only impact a small percentage of students with disabilities, NCASA opposes House Bill 687 for the following reasons:

- The legislation is too broadly defined; any child with an exceptionality could qualify.
- Parents would receive a tax credit for leaving public schools. With the number of students who qualify, there could be a significant financial impact to public school funding that is especially troubling given other proposed budget cuts for public schools for 2009-10 and beyond.
- This would reduce LEA funding through the ultimate erosion of ADM allotments.
- If special education services in public schools are inadequate, the state should invest in improving those services rather than creating an incentive for students to leave public schools.
- This would open the door for more general education tuition tax credits and voucher options.

NCASA members should contact all House Education Committee members before Tuesday morning to urge them to oppose this legislation that would negatively impact public schools. Committee contact information is available at http://www.ncasa.net/associations/2410/files/House_Education.doc.

Please report any feedback you receive from your legislators on this issue to NCASA Lobbyist Katherine Joyce, kjoyce@ncasa.net, and thank you for your help on this important effort to protect public schools!

Summary Of This Week's Action On Bills Affecting Public Schools

For a complete summary of this week's legislative actions on legislation affecting public schools and their personnel, please see this week's "Weekly Bill Action Summary" at: <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=227>. The same site offers a status report on all bills NCASA is tracking for our members during the 2009 legislative session, and that information is arranged in categories to make it easier to locate specific legislation of interest.

*For additional information on these or other legislative issues, contact
NCASA Assistant Executive Director Katherine W. Joyce at 919-828-1426 or kjoyce@ncasa.net.*